Children living in low income households

In 2012, children in sole-parent families were nearly four times more likely to live in low income households than children living in two-parent families.

Indicator Description

Percentage of children living in households with incomes below 60% of the median. Household income refers to disposable income after deducting household costs and adjusting for inflation.

Why This Is Important

Parental income has a direct impact on whether a family can afford fees, transport costs, and other significant costs that may be associated with education services. Higher income and wealth provides access to a wider range of life experiences and to resources that can support learning. Conversely, poverty is associated with a greater likelihood of poor nutrition and other health problems, housing transience, unstable parent and caregiver relationships, negative peer group influences and other factors known to impact on educational achievement.

Poverty during the early years of childhood can be particularly detrimental, with negative educational effects persisting at least into the middle years of schooling, even if family incomes improve. The relationship between income and education outcomes is not linear; increases in household income have significantly greater impacts on education outcomes for children in low-income families than outcomes for children in high-income families.
How We Are Going

The poverty threshold for this indicator is calculated in two ways. ‘Fixed poverty threshold’ is where household income is 60% below the median at a fixed point in time, in this case 2007. Alternatively, a ‘Moving poverty threshold’ is where a household income is measured against the median for the same year the data is collected.

The ‘Fixed poverty threshold’ time series shows whether there was a decrease in children living in households below the 2007 median in subsequent years. This gives an idea of whether income was improving for these households since the 2007 benchmark year. The ‘Moving poverty threshold’ shows whether there was improvement in relation to the median (i.e. all other households) each year.

Overall, household income of low income families has increased since 2007, with fewer children living below the fixed poverty threshold. In 2012, 21% of children were living in households with incomes below the fixed poverty threshold, a 5% decrease from 2007.

More households were below the moving poverty threshold in 2012 than 5 years ago. In 2012 25% of children were living in households with incomes 60% below the 2012 median, compared to 2007 where 21% of children were living in households with incomes 60% below the 2007 median.

Although household income has increased overall for those households that were 60% below the median in 2007, it has not improved in relation to other households since that time.

Percentage of children living in low income households

<table>
<thead>
<tr>
<th>Year</th>
<th>Below 60% Moving Median</th>
<th>Below 60% Fixed 2007 Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>35</td>
<td>30</td>
</tr>
<tr>
<td>2004</td>
<td>30</td>
<td>25</td>
</tr>
<tr>
<td>2007</td>
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<td>10</td>
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<tr>
<td>2011</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>2012</td>
<td>5</td>
<td>0</td>
</tr>
</tbody>
</table>
Sole parent families are much more likely to be below the fixed poverty threshold than two-parent families. In 2012, almost half of children living in sole-parent families (46%) were living in families receiving an income 60% below 2007 median. This is nearly four times the percentage for children living in two-parent families (13%). The percentage of children in low income households has declined since 2007 for both family types and the gap between the two groups has narrowed overall. Between 2007 and 2012 the percentage of children living in sole parent families with an income below the fixed poverty threshold has declined by 9.8% compared to a 7% decline for children living in a two parent household.

Where to find out more

Parental income is one of a cluster of proxy indicators for family processes that influence a student's achievement at school. Another indicator to consider is:

- Education of primary caregiver: schooling

To obtain information about the accessibility of early childhood education services, consider indicators:

- Participation in early childhood education
- Provision of early childhood education

References